FORTIVE CORPORATION AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

Adjusted Net Earnings, Adjusted Diluted Net Earnings per Share, Adjusted SG&A and Adjusted Operating Profit

We disclose the non-GAAP measures of historical adjusted net earnings and historical and forecasted adjusted diluted net earnings per share, which make the following adjustments to GAAP net earnings and GAAP diluted net earnings per share, respectively:

- Excluding on a pretax basis amortization of acquisition-related intangible assets;
- Excluding the tax effect of the adjustment noted above as well as for the Separation Adjustments (described below); provided, however, that the tax effect of such adjustments was calculated: (a) with respect to the historical adjusted net earnings and adjusted diluted net earnings per share for the three-month period ended September 30, 2016 and the forecasted adjusted diluted net earnings per share, by applying the Company's overall estimated effective tax rate to the pretax amount of each adjustment (unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment); and (b) with respect to the adjusted net earnings for the three month period ended October 2, 2015, by applying the Company's statutory tax rate. We are applying the statutory tax rate for the period ended October 2, 2015 because such tax rate was applied in our prior adjusted net earnings disclosed and in a manner consistent with Article 11 of Regulation S-X. The tax effect of the adjustments to the net earnings for the three-month period ended September 30, 2016 would have been $8.4 million instead of $6.3 million had the Company applied the statutory tax rate instead of the Company's overall estimated effective tax rate; and
- With respect to the three months ended September 30, 2016 and the six months ending December 31, 2016, increasing income taxes to exclude the portion of the tax benefit that was recorded in the three months ended September 30, 2016 related to the rate differential between the period before the separation of the Company from Danaher (the "Separation") and the post-Separation period ("Additional Income Tax Adjustment").

While we have a history of acquisition activity, we do not acquire businesses on a predictable cycle, and the amount of an acquisition's purchase price allocated to intangible assets and related amortization term are unique to each acquisition and can vary significantly from acquisition to acquisition. We believe however that it is important for investors to understand that such intangible assets contribute to revenue generation and that intangible assets related to past acquisitions will recur in future periods until such intangible assets have been fully amortized. Furthermore, the forecasted adjusted diluted net earnings per share does not reflect certain adjustments that are inherently difficult to predict or estimate due to their unknown timing, effect and/or significance.

In addition, because the Company was part of Danaher Corporation ("Danaher") for the three month period ended October 2, 2015, the Company is also making the following adjustments to the corresponding historical GAAP net earnings, GAAP selling, general and administrative expenses ("SG&A"), and GAAP operating profit as if the separation of the Company from Danaher (the "Separation") had been effectuated at the beginning of the relevant period (the "Separation Adjustments"):

- Because the carved-out financial measures for the three-month period ended October 2, 2015 do not reflect the level of SG&A, including stock-based compensation, that the Company assumed would be the expected level of costs to be incurred by the Company as a stand-alone, publicly traded company ("Estimated SG&A Level"), adding, on a pretax basis, additional expenses necessary for such costs to equal the Estimated SG&A Level; and
- Adding interest expenses on a pretax basis (based on the assumed borrowing cost of approximately 2.8% per annum) as if the outstanding indebtedness incurred in connection with the Separation had been incurred at the beginning of such period ("Additional Interest Expense").

Management believes that the Separation Adjustments, when considered together with the corresponding carved-out GAAP financial measures, provide useful information to investors by helping to identify certain types or level of additional expenses that the Company expects to incur as a stand-alone, publicly traded company after the Separation that may not have been allocated or reflected in the historical carved-out GAAP financial measures for periods in which the Company was part of Danaher. We believe that such adjustments, when presented with the corresponding carved-out GAAP measures, may assist in assessing the business trends and making comparisons of long-term performance before and after the Separation. The Company will not make the Separation Adjustments for any periods in which the Separation had been effectuated prior to the beginning of such period.

Management believes that these non-GAAP financial measures provide useful information to investors by reflecting additional ways of viewing aspects of Fortive's operations that, when reconciled to the corresponding GAAP measure, help our investors to understand the long-term profitability trends of our business, and facilitate comparisons of our profitability to prior and future periods and to our peers. The items described above have been excluded from, or added to, these measures because items of this nature and/or size occur with inconsistent frequency or occur for reasons that may be unrelated to Fortive's commercial performance during the period and/or because we believe the corresponding adjustments are useful in assessing Fortive's potential ongoing operating costs or gains in a given period.

The Company deems acquisition-related transaction costs incurred in a given period to be significant (generally relating to the Company's larger acquisitions) if it determines that such costs exceed the range of acquisition-related transaction costs typical for the Company in a given period.

These non-GAAP measures should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measures, and may not be comparable to similarly titled measures reported by other companies.

Core Financial Measures

We use the term "core" in the context of a revenue measure or an operating profit measure when referring to a corresponding GAAP revenue measure or a corresponding non-GAAP adjusted operating profit measure (which, as noted above, adjusts for the Separation Adjustments from the corresponding GAAP operating profit measures), respectively, excluding (1) sales impact from acquired businesses, (2) the impact of currency translation and (3) sales impact from the Separation. References to sales or operating profit attributable to acquisitions or acquired businesses refer to GAAP sales or operating profit, as applicable, from acquired businesses recorded prior to the first anniversary of the acquisition less the amount of sales or operating profit, as applicable, attributable to certain divested businesses or product lines not considered discontinued operations prior to the first anniversary of the divestiture. Sales impact from the Separation refer to sales to Danaher made under agreements entered into, or terminated, in connection with the Separation. The portion of sales attributable to the impact of currency translation is calculated as the difference between (a) the period-to-period change in sales (excluding sales from acquired businesses or Separation) and (b) the period-to-period change in sales (excluding sales from acquired businesses or Separation) after applying current period foreign exchange rates to the prior year period. These non-GAAP measures should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measures, and may not be comparable to similarly titled measures reported by other companies.

Management believes that these non-GAAP measures provide useful information to investors by helping identify underlying growth trends in our business and facilitating comparisons of our revenue performance with prior and future periods and to our peers. We exclude the effect of currency translation from these measures because currency translation is not under management's control and is subject to volatility, and we believe that such exclusion, when presented with the corresponding GAAP measures, can be useful to investors in assessing our underlying business trends. We exclude the effect of acquisitions and divestiture related items (including the impact of agreements with Danaher that were entered into or terminated in connection with the Separation) because the nature, size and number of such transactions can vary dramatically from period to period and between us and our peers. In addition, until the first anniversary of the Separation, the Company will exclude the impact of agreements that were terminated, or entered into, in connection with the Separation because management believes that excluding such impact may be useful to investors in assessing the operational performance of the Company independent of the impact of sales to Danaher resulting primarily from the Separation. We believe that such exclusion, when presented with the corresponding GAAP measures, may assist in assessing the business trends and making comparisons of long-term performance.

Free Cash Flow

We use the term "free cash flow" when referring to cash provided by operating activities calculated according to GAAP less payments for additions to property, plant and equipment. Management believes that such non-GAAP measure provides useful information to investors in assessing the Company's ability to generate cash without external financing, fund acquisitions and other investments and, in the absence of refinancing, repay its debt obligations. However, it should be noted that free cash flow as a liquidity measure has material limitations because it excludes certain expenditures that are required or that the Company has committed to, such as debt service requirements and other non-discretionary expenditures. Such non-GAAP measure should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measure, and may not be comparable to similarly titled measures reported by other companies.

SECTION 1

Operating Profit

Total Fortive

($ in millions)	Three Months Ended September 30, 2016	Three Months Ended October 2, 2015
Operating Profit (GAAP)	**$ 323.2**	**$ 301.8**
Estimated SG&A Level adjustments	—	(8.8)
Adjusted Operating Profit (Non-GAAP)	**$ 323.2**	**$ 293.0**

Professional Instrumentation

($ in millions)	Three Months Ended September 30, 2016	Three Months Ended October 2, 2015
Operating Profit (GAAP)	**$ 161.5**	**$ 157.4**
Estimated SG&A Level adjustments	—	(2.1)
Adjusted Operating Profit (Non-GAAP)	**$ 161.5**	**$ 155.3**

Industrial Technologies

($ in millions)	Three Months Ended September 30, 2016	Three Months Ended October 2, 2015
Operating Profit (GAAP)	**$ 180.6**	**$ 154.9**
Estimated SG&A Level adjustments	—	(2.4)
Adjusted Operating Profit (Non-GAAP)	**$ 180.6**	**$ 152.5**

Other

($ in millions)	Three Months Ended September 30, 2016	Three Months Ended October 2, 2015
Operating Profit (GAAP)	**$ (18.9)**	**$ (10.5)**
Estimated SG&A Level adjustments	—	(4.3)
Adjusted Operating Profit (Non-GAAP)	**$ (18.9)**	**$ (14.8)**

SECTION 2

Operating Profit Margins

Total Fortive	Three Months Ended	
	September 30, 2016	October 2, 2015
Operating Profit % (GAAP)	**20.6%**	**19.8 %**
Estimated SG&A Level adjustments	— %	(0.6)%
Adjusted Operating Profit as a % of Sales (Non-GAAP)	**20.6%**	**19.2 %**

Professional Instrumentation	Three Months Ended	
	September 30, 2016	October 2, 2015
Operating Profit % (GAAP)	**22.3%**	**21.8 %**
Estimated SG&A Level adjustments	— %	(0.3)%
Adjusted Operating Profit as a % of Sales (Non-GAAP)	**22.3%**	**21.5 %**

Industrial Technologies	Three Months Ended	
	September 30, 2016	October 2, 2015
Operating Profit % (GAAP)	**21.4%**	**19.3 %**
Estimated SG&A Level adjustments	— %	(0.3)%
Adjusted Operating Profit as a % of Sales (Non-GAAP)	**21.4%**	**19.0 %**

SECTION 3

Net Earnings

($ in millions)	Three Months Ended September 30, 2016	Three Months Ended October 2, 2015
Net Earnings (GAAP)	**$ 226.9**	**$ 196.6**
Pretax amortization of acquisition-related intangible assets ($23 million pretax as reported in this line item, $17 million after tax) in the three months ended September 30, 2016 and ($22 million pretax as reported in this line item, $14 million after tax) in the three months ended October 2, 2015	22.5	21.9
Pretax Additional Interest expense in the three months ended October 2, 2015 ($23 million pretax as reported in this line item, $14 million after tax) related to the borrowings incurred in connection with the Separation	—	(22.5)
Pretax adjustments in the three months ended October 2, 2015 ($9 million pretax as reported in this line item, $6 million after tax) to increase selling, general and administrative expenses up to the Estimated SG&A Level	—	(8.8)
Tax effect of all adjustments reflected above	(6.3)	3.5
Additional Income Tax Adjustment in the three months ended September 30, 2016 ($10 million after tax)	(10.0)	—
Adjusted Net Earnings (Non-GAAP)	**$ 233.1**	**$ 190.7**

Diluted Net Earnings Per Share

($ in millions)	Three Months Ended September 30, 2016
Diluted Net Earnings Per Share (GAAP)	**$ 0.65**
Pretax amortization of acquisition-related intangible assets ($23 million pretax as reported in this line item, $17 million after tax)	0.07
Tax effect of adjustment reflected above	(0.02)
Additional Income Tax Adjustment ($10 million after tax)	(0.03)
Adjusted Diluted Net Earnings Per Share (Non-GAAP)	**$ 0.67**

SECTION 4

Forecasted Adjusted Diluted Net Earnings Per Share

	Three Months Ending December 31, 2016		Six Months Ending December 31, 2016	
	Low End	High End	Low End	High End
Forecasted Diluted Net Earnings Per Share	**$ 0.59**	**$ 0.63**	**$ 1.24**	**$ 1.28**
Pretax amortization of acquisition-related intangible assets in the three months ($18 million pretax as reported in this line item, $13 million after tax) and six months ($41 million pretax as reported in this line item, $30 million after tax) ending December 31, 2016	0.05	0.05	0.12	0.12
Tax effect of the adjustment reflected above	(0.01)	(0.01)	(0.03)	(0.03)
Additional Income Tax Adjustment in the three months ended September 30, 2016 ($10 million after tax)	—	—	(0.03)	(0.03)
Forecasted Adjusted Diluted Net Earnings Per Share	**$ 0.63**	**$ 0.67**	**$ 1.30**	**$ 1.34**

SECTION 5

Core Revenue Growth

Total Fortive **Components of Revenue Growth**	**% Change Three Months Ended September 30, 2016 vs. Comparable 2015 Period**
Core (Non-GAAP)	2.7 %
Acquisitions * (Non-GAAP)	0.6 %
Impact of currency translation (Non-GAAP)	(0.5)%
Total Revenue Growth (GAAP)	2.8 %

* Includes the impact from both acquisitions and the Separation

Professional Instrumentation **Components of Revenue Growth**	**% Change Three Months Ended September 30, 2016 vs. Comparable 2015 Period**
Core (Non-GAAP)	0.7 %
Acquisitions * (Non-GAAP)	(0.1)%
Impact of currency translation (Non-GAAP)	(0.4)%
Total Revenue Growth (GAAP)	0.2 %

* Includes the impact from both acquisitions and the Separation

Industrial Technologies **Components of Revenue Growth**	**% Change Three Months Ended September 30, 2016 vs. Comparable 2015 Period**
Core (Non-GAAP)	4.7 %
Acquisitions * (Non-GAAP)	0.9 %
Impact of currency translation (Non-GAAP)	(0.5)%
Total Revenue Growth (GAAP)	5.1 %

* Includes the impact from both acquisitions and the Separation

SECTION 6

Year-over-Year Operating Profit Margins

GAAP

		Segments	
	Total Fortive	**Professional Instrumentation**	**Industrial Technologies**
Three Month Period ended October 2, 2015 Operating Profit Margins (GAAP)	**19.8 %**	**21.8 %**	**19.3%**
Third quarter 2016 impact from operating profit margins of businesses that have been owned for less than one year (Non-GAAP)	(0.1)%	(0.3)%	0.1 %
Year-over-year core operating margin changes for third quarter 2016 (defined as all year-over-year operating margin changes other than the changes identified in the line item above) (Non-GAAP)	0.9 %	0.8 %	2.0 %
Three Month Period ended September 30, 2016 Operating Profit Margins (GAAP)	**20.6 %**	**22.3 %**	**21.4%**

Non-GAAP

		Segments	
	Total Fortive	**Professional Instrumentation**	**Industrial Technologies**
Three Month Period ended October 2, 2015 Adjusted Operating Profit Margins (Non-GAAP)	**19.2 %**	**21.5 %**	**19.0%**
Third quarter 2016 impact from adjusted operating profit margins of businesses that have been owned for less than one year (Non-GAAP)	(0.1)%	(0.3)%	0.1 %
Year-over-year core adjusted operating margin changes for third quarter 2016 (defined as all year-over-year adjusted operating margin changes other than the changes identified in the line item above) (Non-GAAP)	1.5 %	1.1 %	2.3 %
Three Month Period ended September 30, 2016 Adjusted Operating Profit Margins (Non-GAAP)	**20.6 %**	**22.3 %**	**21.4%**

SECTION 7

Free Cash Flow

	Three Month Periods Ended						Nine Month Periods Ended	
	April 1, 2016	April 3, 2015	July 1, 2016	July 3, 2015	September 30, 2016	October 2, 2015	September 30, 2016	October 2, 2015
Free Cash Flow ($ in millions):								
Cash Flows from Operations (GAAP)	$ 177.2	$ 94.6	$ 310.6	$ 290.2	$ 331.6	$ 236.3	$ 819.4	$ 621.1
Less: purchases of property, plant & equipment (capital expenditures) from operations (GAAP)	(28.4)	(24.1)	(33.0)	(28.3)	(28.6)	(34.6)	(90.0)	(87.0)
Free Cash Flow (Non-GAAP)	$ 148.8	$ 70.5	$ 277.6	$ 261.9	$ 303.0	$ 201.7	$ 729.4	$ 534.1
Ratio of Free Cash Flow to Net Earnings ($ in millions):								
Free Cash Flow from Above (Non-GAAP)	$ 148.8	$ 70.5	$ 277.6	$ 261.9	$ 303.0	$ 201.7	$ 729.4	$ 534.1
Net earnings (GAAP)	182.0	203.7	238.9	227.4	226.9	196.6	647.8	627.7
Free Cash Flow to Net Earnings Conversion Ratio (Non-GAAP)	82%	35%	116%	115%	134%	103%	113%	85%

SECTION 8

SG&A

SG&A as a % of Revenue	**Three Months Ended**	
	September 30, 2016	**October 2, 2015**
SG&A as a % of revenue (GAAP)	**22.6%**	**22.9%**
Estimated SG&A Level adjustment (Non-GAAP)	— %	0.6 %
Adjusted SG&A as a % of revenue (Non-GAAP)	**22.6%**	**23.5%**

SECTION 9

Income Tax Rate

	Three Months Ended September 30, 2016
Earnings before income taxes	299.8
Income taxes	(72.9)
Effective tax rate	**24.3%**
Additional Income Tax Adjustment	(10.0)
Adjusted income taxes	(82.9)
Adjusted effective tax rate	**27.6%**